

Message Text

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TO AMEMBASSY KINGSTON IMMEDIATE
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INFO AMEMBASSY BRIDGETOWN
AMEMBASSY PORT AU PRINCE
AMEMBASSY SANTO DOMINGO
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AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 145555

E.O. 11652:GDS

TAGS: ECON, EFIN, JM

SUBJECT: JUNE 1 MEETING AT THE IMF ON MULTILATERAL BALANCE
OF PAYMENTS SUPPORT FOR JAMAICA

REFERENCE: STATE 122758
CONFIDENTIAL

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1. FOR EMBASSY INFORMATION ONLY, ON JUNE 1 THE IMF EXECUTIVE
DIRECTOR'S OFFICE OF THE UNITED KINGDOM HELD THE SECOND MEET-
ING OF REPRESENTATIVES OF COUNTRIES INTERESTED IN CONSIDER-
ING FURTHER BOP SUPPORT FOR JAMAICA IN CONJUNCTION WITH THE
IMF EXTENDED FACILITIES PROGRAM FOR JAMAICA. THE PREVIOUS
MEETING WAS HELD ON MAY 11 AND REPORTED IN REFTEL.
MR. PENDARELL H. KENT, IMF ALTERNATE DIRECTOR, CHAIRED THE
MEETING IN THE ABSENCE OF MR. WILLIAM S. RYRIE WHO WAS OUT
OF THE CITY.

2. THE MEETING FOLLOWED ROUGHLY THE SAME FORMAT AS THE MAY 11 MEETING WITH THE POTENTIAL DONORS MEETING FOR APPROXIMATELY ONE HOUR FOLLOWED BY A TEA BREAK AND THEN A JOINT MEETING WITH THE JAMAICANS FOR ABOUT ONE-HALF HOUR. OF SPECIFIC NOTE WAS THE DOWNGRADING OF THE GERMAN DELEGATION TO THE ASSISTANT TO THE EXECUTIVE DIRECTOR OF THE IMF, MR. GERT MEISSNER.

3. MR. KENT OPENED THE MEETING BY PROVIDING BACKGROUND AND INTRODUCTIONS AROUND THE TABLE. COUNTRIES PRESENT WERE CANADA, FRANCE, GERMANY, JAPAN, THE NETHERLANDS, NORWAY, THE U.K., THE U.S., AND VENEZUELA. GERMANY AND TRINIDAD-TOBAGO WERE PRESENT UNOFFICIALLY AND IN OBSERVER STATUS. TRINIDAD-TOBAGO WAS NOT LISTED AS BEING PRESENT ON AN OFFICIAL LIST; THE GERMANS DO APPEAR ON THE OFFICIAL LIST.

4. AFTER DISCUSSION AND PRESENTATION OF NEW STATISTICAL DATA BY THE IMF AND IBRD AND A STATEMENT BY THE IBRD THAT THEY WERE BEGINNING TO DISBURSE THEIR \$30 MILLION PROGRAM LOAN, MR. KENT ASKED FOR A TOUR DE TABLE ON POSSIBLE CONTRIBUTIONS. THE U.K. REITERATED ITS PLEDGE FOR \$8 MILLION. CONFIDENTIAL

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THE FRENCH REPRESENTATIVE STATED THAT FRANCE WOULD PROVIDE \$5 MILLION IN MIXED CREDITS. THE NORWEGIAN REPRESENTATIVE SAID THAT HIS GOVERNMENT WAS PREPARED TO PROVIDE \$1 MILLION IN THE FIRST YEAR OF THE PROGRAM AND \$1 MILLION IN THE SECOND YEAR. HOWEVER, THERE SEEMED TO BE SOME CONFUSION BECAUSE, ACCORDING TO THE NORWEGIAN REPRESENTATIVE, PRIME MINISTER NORDLI HAD JUST BEEN TO JAMAICA AND INITIATED A NEW \$9 MILLION BILATERAL AID PROGRAM, FUNDS NOT INCLUDED IN THE IMF FIGURES. THE NORWEGIAN REPRESENTATIVE THEREFORE WAS UNDER THE BELIEF THAT THIS NEW MONEY COULD ALSO BE INCLUDED IN THE NORWEGIAN CONTRIBUTION. HE WAS CALLING OSLO TO GET THE EXACT FIGURES OF THE NORWEGIAN AID PROGRAM AND A DETERMINATION OF HOW MUCH WOULD BE DISBURSED OVER THE NEXT 12 MONTHS. (KINGSTON 4460 REPORTS ONLY A J\$25 MILLION LINE OF CREDIT FOR PURCHASE OF CAPITAL EQUIPMENT AND TECHNOLOGY FROM NORWAY.) THE VENEZUELAN GOVERNMENT SAID IT WAS PREPARED TO PLEDGE \$5 MILLION. THE TOTAL AT THE END OF THE TOUR DE TABLE WAS \$19 MILLION (COUNTING ONLY \$1 MILLION FOR NORWAY) OF THE ROUGHLY \$68 MILLION THAT HAD BEEN REQUESTED AT THE FIRST MEETING.

5. THE CANADIANS INDICATED THAT THEY WERE CONSIDERING BETWEEN \$5 AND \$8 MILLION. HOWEVER, AS OF JUNE 1 THEY COULDN'T IN ANY WAY COMMIT OR CONFIRM THIS CONTRIBUTION AND THEREFORE PREFERRED NOT TO MAKE ANY FIGURE KNOWN. JAPAN INDICATED THAT THEY WOULD CONSIDER FUNDS FOR JAMAICA BUT THAT IT WOULD BE TIED TO THE INITIATION OF A BILATERAL AID PROGRAM. THE JAPANESE REPRESENTATIVE ARRANGED FOR INITIAL

DISCUSSIONS WITH JAMAICAN AMBASSADOR RATTRAY AT THE TERMINATION OF THE JUNE 1 SESSION. THE NETHERLANDS WAS NOT PREPARED AT THIS MEETING TO MENTION ANY FIGURE THAT THEY MIGHT BE ABLE TO PROVIDE TO JAMAICA.

6. THE U.S. REPRESENTATIVE, CHARLES F. MEISSNER, MADE THE FOLLOWING POINTS AT THE MEETING. ONE, THE U.S. WAS NOT IN A POSITION TO COMMIT FUNDS, SIGN A DOCUMENT, OR MAKE AN CONFIDENTIAL

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ORAL COMMITMENT TO FUNDS AT THIS MEETING. TWO, THE ISSUE OF PROVISION OF NEW RESOURCES TO JAMAICA WAS UNDER SERIOUS CONSIDERATION WITHIN THE US GOVERNMENT. THREE, THE U.S. DOES NOT HAVE A PROGRAM MECHANISM THAT ALLOWS IT TO PROVIDE DIRECT QUICK DISBURSING, BALANCE OF PAYMENTS SUPPORT SOLELY FOR THE PURPOSE OF ECONOMIC STABILIZATION. FOUR, THE RESOURCES THAT MAY BECOME AVAILABLE WILL HAVE TO BE CHANNELLED THROUGH PROJECT LENDING VIA THE NEW CARIBBEAN DEVELOPMENT FACILITY. THERE WILL BE A TECHNICAL PROBLEM ASSOCIATED WITH THIS CHANNEL IN THAT A PROCEDURE WILL HAVE TO BE CONSTRUCTED THAT WILL ALLOW THESE PROJECT FUNDS TO BE QUICK DISBURSING SO THAT THEY WILL HAVE A BALANCE OF PAYMENTS IMPACT DURING THE PERIOD OF CRITICAL JAMAICAN FOREIGN EXCHANGE SHORTFALLS. FIVE, IT IS THE INTENT OF THE USG TO VIEW THIS ADDITIONAL COMMITMENT TO JAMAICA AS A MULTILATERAL PROGRAM. HOWEVER, THE USG DUE TO BUDGETARY AND CONGRESSIONAL PROCESS, WILL NOT BE ABLE TO COMMIT FUNDS, SHOULD IT DECIDE TO DO SO, FOR MORE THAN ONE YEAR. SIX, IN RESPONSE TO A QUESTION BY THE UK CHAIR THE US REPRESENTATIVE INDICATED THAT THE FIGURE UNDER CONSIDERATION BY THE USG WAS THE \$12 MILLION SUGGESTED BY MR. RYRIE AT THE LAST MEETING. HOWEVER, AS IN THE CANADIAN CASE, THE US DID NOT WISH TO REGISTER ANY FIGURE FORMALLY.

7. AT THE CONCLUSION OF THE TOUR DE TABLE THE BRITISH ATTEMPTED TO PLACE AS GOOD A LIGHT AS POSSIBLE ON WHAT OBVIOUSLY WAS A DISAPPOINTING ROUND OF CONTRIBUTIONS. THIS DISAPPOINTMENT WAS REGISTERED DIRECTLY BY THE FRENCH AND THE VENEZUELANES WHO SAID THAT THEIR CONTRIBUTIONS WERE CONTINGENT UPON THOSE OF OTHER COUNTRIES. US REPRESENTATIVE MEISSNER THEN INTERVENED TO SAY THAT ANY US CONTRIBUTION WOULD ALSO BE CONTINGENT UPON TOTAL CONTRIBUTIONS REACHING A FIGURE DEEMED LARGE ENOUGH TO AFFECT THE JAMAICAN BALANCE CONFIDENTIAL

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OF PAYMENTS GAP. A NUMBER OF OTHER DELEGATIONS IN THE ROOM SECONDED THIS THOUGHT. AT THE FIRST MEETING BOTH THE IMF REPRESENTATIVE AND THE UK EXECUTIVE DIRECTOR EMPHASIZED THE NECESSITY TO REACH THE MINIMUM SUM OF APPROXIMATELY US\$50-\$70 MILLION OR THE EFFORT WOULD NOT HAVE ENOUGH IMPACT

TO BE HELPFUL TO JAMAICA. IT WAS AGREED BY ALL THE POTENTIAL DONOR COUNTRIES THAT NO PUBLIC MENTION WOULD BE MADE OF ANY FIGURES DISCUSSED IN THE MEETING OR COUNTRIES WHO INTENDED TO CONTRIBUTE TO THE JAMAICAN SITUATION. IT WAS ALSO DECIDED THAT IT WOULD NOT BE ADVANTAGEOUS TO MAKE A FORMAL STATEMENT AS A RESULT OF THE MEETING.

8. AFTER A TEA BREAK THE DONORS WERE JOINED BY JAMAICAN AMBASSADOR RATTRAY, MR. ELLIOTT, WHO WAS INTRODUCED AS THE FIRST SECRETARY OF THE FINANCE MINISTRY IN KINGSTON, AND PETER BARTLETT, THE ECONOMIC COUNSELOR AT THE JAMAICAN EMBASSY IN WASHINGTON. MR. KENT INFORMED AMBASSADOR RATTRAY THAT DISCUSSIONS HAD NOT PROCEEDED RAPIDLY ENOUGH IN DONOR COUNTRY CAPITALS TO GIVE THE JAMAICAN GOVERNMENT AN INDICATION OF THE AMOUNT OF SUPPORT THAT MIGHT BE AVAILABLE. THE GROUP, HOWEVER, WAS VERY COGNIZANT OF FINANCE MINISTER BELL'S REQUEST FOR SUPPORT THAT HE COULD MENTION IN HIS PRESENTATION TO PARLIAMENT OF THE JAMAICAN BUDGET ON JUNE 8. THEREFORE, IT WAS SUGGESTED THAT WE JOIN FORCES AND PRODUCE A SHORT DRAFT THAT COULD BE USED BY THE FINANCE MINISTER SHOULD HE DESIRE TO DO SO. THE ACCEPTED LANGUAGE IS AS FOLLOWS: QUOTE: A GROUP OF REPRESENTATIVES FROM INTERESTED AND CONCERNED GOVERNMENTS, FRIENDLY TO JAMAICA, HAVE MET TWICE IN WASHINGTON, D.C., TO CONSIDER HOW AND IN WHAT DEGREE THEY CAN HELP JAMAICA AND SUPPORT ITS ECONOMIC PROGRAM. IN THIS CONTEXT, THESE GOVERNMENTS ARE ACTIVELY CONSIDERING FURTHER EXTERNAL ASSISTANCE. UNQUOTE.

9. IT WAS DECIDED THAT THE JAMAICA GROUP WOULD MEET FOR A THIRD TIME DURING THE WEEK OF JUNE 19 IN WASHINGTON TO FINALIZE THE AMOUNT OF CONTRIBUTIONS THAT ARE TO BE MADE.
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DURING THIS WEEK THE CARIBBEAN DEVELOPMENT FACILITY MEETING WILL BE TAKING PLACE IN WASHINGTON. THE SUBGROUP ON JAMAICA WILL MEET WEDNESDAY, JUNE 21. IT IS ENVISIONED THAT THE DONOR GROUP ASSOCIATED WITH THE BRITISH IMF EFFORT WILL MEET PRIOR TO THIS TIME SO THAT THE SUBGROUP DISCUSSIONS WILL REFLECT ANY NEW AID FIGURES.

10. THE MEETING ENDED WITH AN EXCHANGE OF THANKS AND CONSIDERATION ON ALL SIDES AND A COMMITMENT TO SEE EACH OTHER AGAIN DURING THE WEEK OF 19 JUNE.

11. FOR KINGSTON: FYI A MEMORANDUM FOR PRESIDENTIAL SIGNATURE IS NOW BEING DRAFTED JOINTLY BY ARA AND AID. A PRESIDENTIAL DETERMINATION IS EXPECTED PRIOR TO JUNE 19, 1978. COULD YOU PLEASE REPORT ON ANY SPECIFIC REFERENCE IN MINISTER BELL'S BUDGET PRESENTATION TO THE WASHINGTON MEETINGS OR MENTION OF NEW EXTERNAL ASSISTANCE IN SUPPORT OF THE JAMAICAN GOVERNMENT ECONOMIC PROGRAM.

12. FOR OSLO: COULD YOU PLEASE OBTAIN THE DETAILS OF THE
NORWEGIAN AID PROGRAM IN JAMAICA. OF SPECIFIC IMPORTANCE
IS WHETHER THE FUNDS WILL BE DISBURSED OVER THE NEXT YEAR
(JUNE 1, 1978 TO MAY 31, 1979) AND IF NORWEGIANS WILL
ATTEMPT TO MATCH CREDITS TO THE APPROVED LIST OF IBRD
PROJECTS IN JAMAICA. END VANCE

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<< END OF DOCUMENT >>

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